

TEMCO
CORPORATION

100 East Scranton Avenue, Lake Bluff, IL 60044, (708) 295-1158, FAX (708) 295-2837

RECORDATION NO. **17920** FILED 1425

AUG 18 1992 3 15 PM

INTERSTATE COMMERCE COMMISSION

August 10, 1992

2-231A046

Interstate Commerce Commission
Recordation Department
ATTN: Ms. Mildred Lee (Room 2303)
12th and Constitution Avenue, NW
Washington, DC 20423

Dear Ms. Lee:

Enclosed is the original and one copy (the copy has been certified and notarized) of a loan and security agreement between Temco Corporation and Cole-Taylor Bank. Also enclosed is our check in the amount of \$16.00 to cover the recording fee.

The secured party under the enclosed security agreement is Cole-Taylor Bank, 350 E. Dundee Road, Wheeling, Illinois 60090 (Tel. No. 708-537-0020).

Temco Corporation is the owner of the railroad cars being secured by the enclosed security agreement. Temco Corporation's address and telephone number are as set forth in the letter head.

The security agreement covers ten (10) DOT Class 112J340W, 33,500 gallon nominal capacity railroad tank cars. The cars in question have the following Reporting Marks:

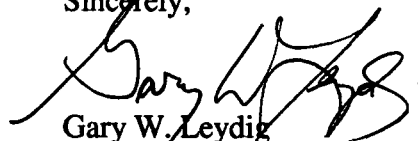
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MOTOR OPERATING UNIT

Please return the file-stamped original to the undersigned in the enclosed, self-addressed envelope.

If you have any questions or require any further information in connection with this filing, please contact the undersigned.

Sincerely,


Gary W. Leydig
General Counsel

smc
Enclosures

cc: Peter Horn, Cole Taylor Bank

State of Illinois)
County of Cook) SS

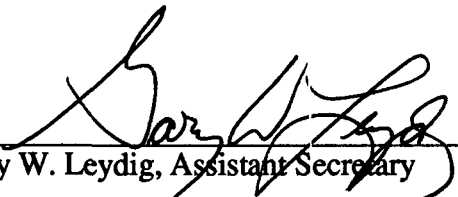
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INTERSTATE COMMERCE COMMISSION

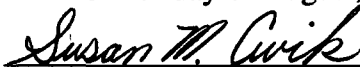
CERTIFICATE

I, Gary W. Leydig, Assistant Secretary of Temco Corporation, an Illinois corporation, hereby certify that the attached document is a true and correct duplicate original of the Loan and Security Agreement Between Temco Corporation and Cole-Taylor Bank, Dated as of August 11, 1992.

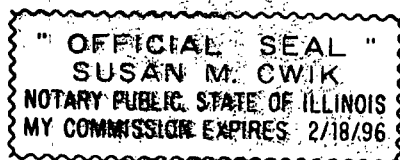


Gary W. Leydig, Assistant Secretary

Subscribed and sworn to before
me this 11th day of August, 1992.



Notary Public



DUPLICATE ORIGINAL

LOAN AND SECURITY AGREEMENT

BETWEEN

TEMCO CORPORATION

AND

COLE-TAYLOR BANK

Dated as of August 11, 1992

FILED AND RECORDED WITH THE INTERSTATE COMMERCE COMMISSION

PURSUANT TO SECTION 11303, TITLE 49, UNITED STATES CODE

ON _____, 1992, AT _____ AM. / PM.

RECORDATION NO. _____

AUG 18 1992-3 15 PM

LOAN AND SECURITY AGREEMENT

INTERSTATE COMMERCE COMMISSION

LOAN AND SECURITY AGREEMENT, dated as of August 11, 1992, between TEMCO CORPORATION, an Illinois corporation (the "Company"), and COLE-TAYLOR BANK (the "Lender").

W I T N E S S E T H:

WHEREAS, the Company is engaged in, among other things, the business of purchasing and owning railroad tank cars for lease to others;

WHEREAS, the Company desires to obtain loans from the Lender in order to provide working capital;

WHEREAS, the Company owns 10 railroad tank cars as listed in Schedule I, such cars being leased on the date hereof under a bona fide lease as listed in Schedule II attached hereto;

WHEREAS, the Company will evidence its borrowing hereunder by the issuance of its promissory note which, together with the Company's obligations and liabilities under this Agreement will be secured by, inter alia, a lien on and security interest in such Tank Cars and the rights of the Company under the Lease; and

WHEREAS, the Lender is agreeable to making the loans on the terms and conditions set forth in this Agreement;

NOW, THEREFORE, in consideration of the premises and of the mutual agreements contained herein, the parties hereto agree as follows:

SECTION 1. DEFINITIONS

1.1 Defined Terms. As used in this Agreement the following terms shall have the following meanings:

"Agreement" shall mean this Loan and Security Agreement, including all Schedules and all Exhibits hereto, as the same may from time to time be amended, supplemented or otherwise modified.

"Business Day" shall mean any day other than a Saturday, a Sunday or a legal banking holiday under the laws of the State of Illinois.

"Cash Collateral Account" shall have the meaning set forth in Subsection 6.2(b) hereof.

"Casualty Occurrence" shall mean any of the following events or conditions with respect to any Unit:

(i) such Unit shall become lost for a period of at least 30 consecutive days, or shall become stolen, destroyed or damaged beyond economic repair from any cause whatsoever; or

(ii) the confiscation, condemnation, seizure or forfeiture of, or other requisition of title to, or use of, such Unit by any governmental authority or any Person acting under color of governmental authority.

"Casualty Value" with respect to any Unit shall mean the amount obtained by multiplying the aggregate unpaid principal amount of the Note at the time Casualty Value is being determined by a fraction, the numerator of which is the Tank Car Cost of such Unit and the denominator of which is the aggregate Tank Car Cost of all Tank Cars which are then subject to the Lien and security interest of this Agreement.

"Casualty Value Determination Date" shall have the meaning set forth in Subsection 7.14 (a) hereof.

"Collateral" shall mean the Tank Cars, the Leases, the moneys at any time in the Cash Collateral Account and all other property, interests and rights described or referred to in Subsections 6.1, 6.2, or 6.3 hereof or otherwise subjected to the Lien and security interest created by this Agreement.

"Consolidated Recourse Funded Debt" shall mean, at any time, all of the liabilities for borrowed money, other than nonrecourse obligations, whether now or hereafter existing or incurred, of the Company and its Subsidiaries, on a consolidated basis, including, without limitation, the obligations arising under this Agreement and the Note.

"Consolidated Tangible Net Worth" shall mean, at any time, the total of shareholders' equity (including capital stock, additional paid-in capital and retained earnings after deducting treasury stock) of the Company and its Subsidiaries calculated in accordance with GAAP, less the sum of the total amount of intangible assets. Intangible assets shall include, without limitation, unamortized debt discount and expense, unamortized deferred charges and goodwill.

"Damaged Unit" shall mean any Unit which has suffered a Casualty Occurrence.

"Default" shall mean any of the events specified in Section 9 hereof, whether or not there has been satisfied any requirement in connection with such event for the giving of notice or the lapse of time, or both.

"Event of Default" shall mean any of the events specified in Section 9 hereof, provided that there has been satisfied any requirement in connection with such event for the giving of notice, or the lapse of time, or both.

"Guarantor" shall mean Bruce H. Borland.

"Guaranty" shall mean the Guaranty of the Guarantor in favor of the Lender, substantially in the form of Exhibit B attached hereto.

"Installment Payment Date" shall mean each date on which an installment of principal or interest is due and payable under the Note.

"Leases" shall mean and include the lease or leases identified in Schedule II and any other leases which may hereafter be placed on the Tank Cars during the term of this Agreement.

"Lessees" shall mean and include all lessees under the Leases.

"Lien" shall mean any mortgage, pledge, hypothecation, assignment, security interest, lien, charge or encumbrance, priority or other security agreement or arrangement of any kind or nature whatsoever (including, without limitation, any conditional sale or other title retention agreement, any lease having substantially the same economic effect as a conditional sale or other title retention agreement, the filing of, or agreement to give, any financing statement under the Uniform Commercial Code or comparable law of any jurisdiction) and the filing of this Agreement and any other documents with the Interstate Commerce Commission.

"Loan" shall mean the loan or loans made by the Lender under this Agreement.

"Loan Documents" shall mean the original counterparts of this Agreement, the Note, the Guaranty, the Certificates of Acceptance and any other documents executed by or on behalf of the Company or the Lessees in connection with the Loan and Line of Credit.

"Non-Removable Improvement" shall mean any addition or improvement incorporated in or installed on or attached to any Tank Car which is not readily removable without causing material damage to such Tank Car or without diminishing or impairing the utility or condition which such Tank Car would have had at the time of removal had such addition or improvement not been made.

"Note" shall mean the negotiable promissory note of the Company described in Subsection 2.3 hereof.

"Obligations" shall have the meaning set forth in Section 6 hereof.

"Permitted Liens" shall mean, with respect to any Unit, (i) the rights of the Lessee under the Lease of such Unit, (ii) Liens for taxes which are not yet due or the payment of which is not at the time required to be made in accordance with the provisions of Subsection 7.3 hereof, and (iii) materialmen's, mechanics, repairmen's and other like Liens arising in the ordinary course of business securing obligations which are not more than 30 days overdue or the payment of which is not at the time required to be made.

"Person" shall mean an individual, partnership, corporation, joint venture, trust, unincorporated organization, or government or any agency or political subdivision thereof.

"Proceeds" shall have the meaning assigned to it under the Uniform Commercial Code of the State of Illinois and, in any event, shall include, but not be limited to (i) any and all proceeds of any insurance, indemnity, warranty or guaranty payable to the Company from time to time with respect to any of the Collateral, (ii) any and all payments (in any form whatsoever) made or due and payable to the Company from time to time in connection with any requisition, confiscation, condemnation, seizure or forfeiture of any of the Collateral by any governmental authority (or any Person acting under color of governmental authority), and (iii) any and all other amounts from time to time paid or payable under or in connection with any of the Collateral, including, without limitation, amounts due or to become due under any of the Leases.

"Prime Rate" means, at any time, the rate of interest then most recently announced by the Lender at Wheeling, Illinois as its prime rate. Each change in the interest rate on any Loan shall take effect on the effective date of the change in the Prime Rate.

"Replacement Unit" shall have the meaning set forth in Subsection 7.14(c) hereof.

"Subsidiary" shall mean, when used with respect to any Person, any corporation more than 50% of the issued and outstanding shares of Voting Stock of which at the time is owned or controlled, directly or indirectly, by such Person or by one or more other Subsidiaries of such Person.

"Tank Cars" shall mean at any time the railroad tank cars which are described in Schedule I hereto, together with (i) any and all other Tank Cars which are subjected to the Lien and security interest of this Agreement or intended so to be including any Replacement Units, (ii) any and all parts, mechanisms, devices and replacements referred to in Subsection 7.15 hereof from time to time incorporated in or installed on or attached to any of such tank cars pursuant to requirement of law or governmental regulation and (iii) any and all Non-Removable Improvements.

"Tank Car Cost" shall mean for each Unit (other than a Replacement Unit), \$150,000.00 divided by the number of Tank Cars listed in Schedule I. The "Tank Car Cost" of a Replacement Unit shall be the Tank Car Cost of the Unit which it replaced.

"Unit" shall mean one of the Tank Cars.

"Voting Stock" of a corporation shall mean stock having ordinary voting power for the election of a majority of the board of directors, managers or trustees of such corporation, other than stock having such power only by reason of the happening of a contingency.

"Wholly-Owned Subsidiary" shall mean, when used with respect to any Person, any Subsidiary, all the issued and outstanding shares (except for directors' qualifying shares, if required by law) of Voting Stock of which at the time are owned by such Person or by one or more Wholly-Owned Subsidiaries of such Person.

1.2 Use of Defined Terms. All terms defined in this Agreement shall have their defined meanings when used in this Agreement, the Note, or in any certificates, reports or other documents made or delivered pursuant hereto.

1.3 Other Definitional Provision. (a) The words "hereof", "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this agreement.

(b) Terms defined in the singular shall have a comparable meaning when used in the plural and vice versa.

SECTION 2. AMOUNT AND TERMS OF LOAN

2.1 Commitment of the Lender. Subject to the terms and conditions of this Agreement and in reliance upon the warranties of the Company herein set forth, the Lender agrees to loan to the Company on or before August 15, 1992 the amount of ONE HUNDRED FIFTY THOUSAND DOLLARS (\$150,000.00).

2.2 Use of Proceeds. The Company will use the proceeds of the Loan to provide working capital.

2.3 The Note. The Loan shall be evidenced by a secured promissory note of the Company substantially in the form of Exhibit A-1 hereto with appropriate insertions therein (the "Note"). The Note shall (a) be dated as of August 11, 1992, (b) be in the amount of ONE HUNDRED FIFTY THOUSAND DOLLARS (\$150,000), (c) provide for the payment of principal in 36 equal installments of \$2,500.00 beginning September 15, 1992, and continuing on the same day of each month thereafter, and a final payment of all unpaid principal on August 15, 1995; (d) bear simple interest on the aggregate unpaid principal balance thereof at a rate of 1.5 percent above the Prime Rate per annum, adjusted daily (calculated on the basis of a 360-day year). All payments on the Note shall be made without set-off or counterclaim and shall be made in immediately available funds by the Company to the Lender. All such payments shall be made to the Lender at its offices at 350 E. Dundee Road, Wheeling, IL 60090, or at such place as may be designated by the Lender to the Company in writing. Any payment received after 2:00 p.m., Chicago time, shall be deemed received on the next Business Day.

2.4 Voluntary Prepayment of Note. On any one Installment Payment Date the Company may prepay the then outstanding principal amount of the Note in whole or in part, provided that simultaneously with such prepayment the Company pays to the Lender accrued interest on the outstanding principal amount of the Note to the date of such prepayment.

2.5. Prepayment for Casualty Occurrence or Transfer. In the event of any Casualty Occurrence under Subsection 7.14 hereof, the Company will prepay the Note in accordance with the provisions of said subsection 7.14. In the event that the Company desires to transfer any Unit by sale, gift, assignment or otherwise to any other entity, whether related or not, other than by lease in the normal course of business, the Company shall first obtain the written approval of the Lender, which approval shall not be unreasonably withheld, and shall pay to Lender an amount equal to the amount which would have been paid to Lender under Subsection 7.14 as if such Unit had suffered a Casualty

Occurrence. Any request for approval shall be in writing and shall specify the Unit(s) to be sold, and the proposed date of transfer. The Lender agrees that, upon a transfer in accordance with this Subsection 2.5, it will release its security interests in the Unit(s) so transferred, without recourse to or warranty by the Lender.

2.6 Application of Prepayments. In the event any partial prepayment of the Note is made pursuant to Subsection 2.4 or 2.5 hereof, such prepayment shall be applied to the installments of the Note in the inverse order of their maturities.

2.7 Release of Collateral. Upon any prepayment of the Note pursuant to Subsection 2.4 hereof, the Lender will promptly execute and deliver to the Company such instruments as shall be necessary to release from the Lien and security interest of this Agreement, without recourse to, or representation or warranty by the Lender, that number of Units which is equal to the number (disregarding any fraction) obtained by multiplying the total number of Tank Cars which are then subject to the Lien and security interest of this Agreement by a fraction, the numerator of which is the principal amount of the Note so prepaid and the denominator of which is the aggregate outstanding principal amount of the Note. The Company shall have the right to designate the Units to be released, subject to the approval of the Lender. Corresponding Leases shall also be released. Releases due to prepayments under Subsection 2.5 shall be effected as set forth in such subsection.

3. CLOSING FEE. The Company shall on the date hereof pay to the Lender a closing fee of \$3,000.00.

SECTION 4. REPRESENTATIONS AND WARRANTIES

In order to induce the Lender to enter into this Agreement and to make the Loan, the Company represents and warrants to the Lender that:

4.1 Corporate Existence and Business. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Illinois. Neither the conduct of its business nor the ownership or lease of its properties requires the Company to qualify to do business as a foreign corporation under the laws of any jurisdiction.

4.2 Power and Authorization; Enforceability; Consents. The Company has full power, authority and legal right to own its properties and to conduct its business as now conducted and presently proposed to be conducted by it and to execute, deliver

and perform this Agreement, the Loan Documents and the Leases and to borrow under this Agreement and the Note on the terms and conditions hereof and thereof, to grant the Lien and security interest provided for in this Agreement and to take such action as may be necessary to complete the transactions contemplated by this Agreement, the Loan Documents and the Leases, and the Company has taken all necessary corporate action to authorize the borrowing on the terms and conditions of this Agreement and the grant of the Lien and security interest provided for in this Agreement and to authorize the execution, delivery and performance of this Agreement, the Note and the Leases. This Agreement has been duly authorized, executed and delivered by the Company and constitutes, and the Note has been duly authorized by the Company and when executed and delivered by the Company will constitute, legal, valid and binding obligations of the Company enforceable in accordance with their terms. No consent of any other party (including stockholders of the Company) and no consent, license, permit, approval or authorization or, exemption by, or registration or declaration with any governmental authority is required in connection with the execution, delivery, performance, validity or enforceability of this Agreement and the Note except for the filing of this Agreement with the Interstate Commerce Commission and the filing of the applicable U.C.C. financing statements with respect to the Lender's security interest in the Leases, spare parts and improvements in the offices of the Secretary of State of Illinois.

4.3 No Legal Bar. The execution, delivery and performance by the Company of this Agreement, the Note, the Loan Documents and the Leases will not violate any provision of any existing law or regulation to which the Company is subject or of any order, judgment, award or decree of any court, arbitrator or governmental authority applicable to the Company or of the Articles of Incorporation, By-Laws or any preferred stock provision of the Company or of any mortgage, indenture, contract or other agreement to which the Company is a party or which is or purports to be binding upon the Company or any of its properties or assets, and will not constitute a default thereunder, and (except as contemplated by this Agreement) will not result in the creation or imposition of any Lien on any of the properties or assets of the Company. The Company is not in default in the performance or observance of any of the obligations, covenants or conditions contained in any bond, debenture or note, or in any mortgage, deed of trust, indenture or loan agreement, of the Company.

4.4 No Material Litigation. Other than as set forth in Exhibit E hereto, there are no actions, suits or proceedings (whether or not purportedly on behalf of the Company) pending or,

to the knowledge of the Company, threatened against the Company or any of its properties or assets in any court or before any arbitrator of any kind or before or by an governmental body, which (i) relate to any of the Collateral or to any of the transactions contemplated by this Agreement, or (ii) would, if adversely determined, materially impair the right or ability of the Company to carry on its business substantially as now conducted and presently proposed to be conducted, or (iii) would, if adversely determined, have a material adverse effect on the operating results or on the condition, financial or other of the Company. The Company is not in default with respect to any order, judgment, award, decree, rule or regulation of any court, arbitrator or governmental body.

4.5 No Default. No Default or Event of Default has occurred and is continuing under this Agreement.

4.6 Financial Condition. The audited consolidated financial statements of the Company as of December 31, 1991 and for the twelve months then ended, and the unaudited consolidated financial statements of the Company as of March 31, 1992 and for the three months then ended, certified by the president or the chairman of the Company, copies of which have heretofore been delivered to the Lender, are complete and correct, have been prepared in accordance with generally accepted accounting principles consistently applied throughout the period involved and present fairly the consolidated financial position of the Company on December 31, 1991 and March 31, 1992, and the results of their operations for the periods then ended. There has been no material adverse change in the condition, financial or otherwise, of the Company since March 31, 1992.

4.7 Payment of Taxes. The Company has filed all federal, state and local tax returns and declarations of estimated tax which are required to be filed and has paid all taxes which have become due pursuant to such returns and declarations or pursuant to any assessments made against it, and the Company has no knowledge of any deficiency or additional assessment in connection therewith not adequately provided for on the books of the Company.

4.8 Leases. (a) Each lease has been duly authorized, executed and delivered by the parties thereunder and constitutes a valid and binding obligation of the Company and any other party thereunder, enforceable in accordance with its terms. No consent of any other party (including stockholders of the Company and each Lessee) and no consent, license, permit, approval or authorization of, exemption by, or registration or declaration with, any governmental authority is required to be

obtained, effected or given in connection with the execution, delivery, and performance of each Lease by each Party thereto except for the filing of the Leases or a schedule to this Agreement covering the Leases with the Interstate Commerce Commission.

(b) Neither the Company nor (to the best of the Company's knowledge) the Lessee under any Lease is in default in the performance or observance of any covenant, term or condition contained in such Lease, and no event has occurred and no condition exists which constitutes, or which with the lapse of time or the giving of notice or both would constitute, a default under any Lease. The Company has fully performed all of its obligations under each Lease, and the right, title and interest of the Company, in, to and under each Lease is not subject to any defense, offset, counterclaim or claim nor have any of the foregoing been asserted or alleged against the Company as to any Lease.

4.9 Title to Tank Cars; Specifications. As of the time of the making of the Loan by the Lender under this Agreement, (i) the Company shall have good and valid title to, and be the lawful owner of each Unit described in Schedule I hereto, free and clear of all Liens whatsoever except the Lien and security interest created by this Agreement, (ii) each Unit shall conform to all Department of Transportation and Interstate Commerce Commission requirements and specifications and to all standards recommended by the Association of American Railroads, in each case applicable to railroad equipment of the same type as such Unit, and (iii) each such Unit shall be in good and serviceable condition.

4.10 First Lien. Upon the filing of this Agreement and the Leases or a schedule of the Leases in the manner prescribed in Section 11303, Title 49, United States Code and in the related regulations of the Interstate Commerce Commission, the filing of the applicable U.C.C. financing statements with respect to the Lender's security interest in Leases, spare parts and improvements in the office of the Secretary of State of Illinois, this Agreement will constitute a legal, valid and perfected first Lien on and first priority security interest in each of the Units (and any Proceeds thereof) each of the Leases (and the proceeds thereof) and the Cash Collateral Account, as security for the Obligations, free and clear of all other Liens whatsoever other than the rights of the Lessees under the Leases. No security agreement, financing statement, equivalent security or Lien instrument or continuation statement covering all or any part of the Collateral is on file or records with the Interstate Commerce Commission or with any other public office, except such as may have been filed by or on behalf of the Company in favor of the Lender pursuant to this Agreement.

4.11 Principal Office. The principal place of business, the chief executive office and the place at which the books and records of the Company are kept is 100 East Scranton Avenue, Lake Bluff, Illinois 60044. The Company will promptly notify the Lender in writing of any change of the address of its principal office, as set forth in Subsection 7.7.

4.12 Pension and Welfare Plan. No liability, fine or penalty exists with respect to any pension or welfare benefit plans, as such terms are defined in ERISA.

4.13 Investment Company. The Company is not an "investment company" or company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

4.14 Public Utility Holding Company. The Company is not a "holding company" or a "subsidiary company" of a "holding company" or an "affiliate" of a "holding company" within the meaning of the Public Utility Holding Company Act of 1935, as amended.

4.15 General Liability Insurance. The Company maintains general liability insurance with a face amount and policy terms and conditions which are ordinary and customary for similar businesses, and which are sufficient in type and amount to insure the Company against the risks normally incidental to the conduct of its business.

SECTION 5. CONDITIONS OF BORROWING

The obligation of the Lender to make the Loan hereunder shall be subject to the fulfillment, to the satisfaction of the Lender, of the following conditions precedent:

(a) The Company shall have executed and delivered to the Lender its Note meeting the requirements of Subsection 2.3 hereof;

(b) There shall have been delivered to the Lender a copy, certified by the Secretary of the Company on the date of the Loan, of the Articles of Incorporation of the Company, along with any amendments thereto;

(c) The Guarantor shall have delivered to the Lender a copy of his personal financial statement certified by the Guarantor.

(d) There shall have been delivered to the Lender a copy, certified by the Secretary of the Company on the date of the Loan, of the resolutions of the Board of Directors of the

Company approving the transactions contemplated by this Agreement and authorizing the execution, delivery and performance by the Company of this Agreement, the Note, the Line of Credit and the Leases and all other documents and instruments required hereby;

(e) There shall have been delivered to the Lender a Certificate, dated the date of the initial Loan, signed by the President or the Chairman of the Company stating that each Lease continues in full force and effect on and after the date hereof, that the Company is aware of no current defaults under any such Lease, and that the Leases are valid and enforceable obligations of the parties thereto;

(f) There shall have been delivered to the Lender a certificate, dated the date of the Loan, with respect to the incumbency and signature of each of the officers of the Company executing this Agreement or any document relating hereto on behalf of the Company;

(g) A Guaranty, substantially in the form of Exhibit B shall have been duly executed by the Guarantor and delivered to the Lender;

(h) There shall have been delivered to the Lender evidence that this Agreement has been duly filed, registered and recorded with the Interstate Commerce Commission in accordance with Section 11303, Title 49, United States Code, and that there are no Liens on file with the Interstate Commerce Commission, other than those which may have been filed pursuant to this Agreement;

(i) A schedule of all Leases signed by a duly authorized officer of the Company;

(j) There shall have been delivered to the Lender evidence that each Lease or a Schedule describing each Lease has been duly filed, registered and recorded with the Interstate Commerce Commission in accordance with Section 11303, Title 49, United States Code and that financing statements with respect to the Lender's security interest in each Lease have been filed in the office of the Secretary of State in Illinois and in such other office as the Lender may reasonably require;

(k) The representations and warranties contained in Section 4 hereof shall be true and correct on and as of the date of the making of the initial Loan with the same effect as if made on and as of such date, and no Default or Event of Default shall be in existence on the date of the making of the Loan or would occur as a result of the Loan;

(l) There shall have been delivered to the Lender evidence of insurance with respect to the Tank Cars, which indicates compliance by the Company with the provision of Subsection 7.13 hereof;

(m) There shall have been delivered to the Lender a certificate, dated the date of the initial Loan and signed by the President or the Chairman of the Company, to the same effect as paragraph (k) of this section 5 and to further effect that (i) the Company has valid and legal title to, and is the lawful owner of, the Tank Cars, free and clear of all Liens except the Lien and security interest created by this Agreement; and (ii) the Tank Cars have been duly leased to the Lessees under respective leases;

(n) There shall not have been in the judgement of the Lender, any material adverse change in the financial condition or business operations of the Company or the Guarantor;

(o) The Lender shall have received any other documents, instruments or certificates that the Lender may reasonably request; and

SECTION 6. GRANT OF LIEN AND SECURITY INTERESTS

As Collateral security for (a) the prompt and complete payment when due (whether at the stated maturity, by prepayment, by acceleration or otherwise) of the unpaid principal and interest on the Note, (b) all obligations of the Borrower to the Lender under the Line of Credit whether now or hereafter existing and, (c) the due and punctual payment and performance by the Company of all of its obligations and liabilities under or arising out of or in connection with this Agreement (all of the foregoing being hereinafter called the "Obligations"), and in order to induce the Lender to make the Loan hereunder and the Advances under the Line of Credit:

6.1 Tank Cars. The Company does hereby assign, convey, mortgage, pledge and transfer to the Lender for the benefit and on account of the Lender, and does hereby grant to Lender a continuing security interest in, all of the Tank Cars and any and all Proceeds thereof.

6.2 Leases. (a) The Company does hereby assign, convey, mortgage, pledge and transfer to the Lender, and does hereby grant to the Lender a continuing security interest in, all of the right, title and interest of the Company in, to and under each of the Leases, including, without, limitation, all right, title and interest of the Company in and to all rents, issues, profits,

revenues and other income arising under each of the Leases and other moneys due and to become due to the Company under or arising out of each of the Leases, all accounts and general intangibles under or arising out of each of the Leases all proceeds of each of the Leases and all claims for damages arising out of the breach of either of the Leases, the right of the Company to terminate each of the Leases and to compel performance of the terms and provisions thereof, and all chattel paper, contracts, instruments and other documents evidencing each of the Leases or any moneys due or to become due thereunder or related thereto. Each and every copy of each of the riders to the Leases pertaining to the Tank Cars which the Company directly or indirectly has in its control or possession shall have attached thereto a notice indicating the Lender's interest herein.

(b) The Company agrees that, if there shall occur an Event of Default, upon the written request of the Lender, (i) it will specifically authorize and direct the Lessee under each Lease to make payment of all amounts due and to become due to the Company under or arising out of such Lease directly to an account of the Lender, to be maintained by the Lender at the office of the Lender located at 350 E. Dundee Road, Wheeling, Illinois 60090, and entitled "Temco Corporation Cash Collateral Account" (the "Cash Collateral Account"), (ii) it will hold in trust any such amount received by it and forthwith pay the same to the Lender, and (iii) it hereby irrevocably authorizes and empowers the Lender to ask, demand, receive, receipt and give acquittance for any and all such amounts which may be or become due payable or remain unpaid to the company by such Lessee at any time or times under or arising out of such Lease, to endorse any checks, drafts or other orders for the payment of money payable to the Company in payment therefore, and in the Lender's discretion to file any claims or take any action or proceedings wither in its own name or in the name of the Company or otherwise which the Lender may deem to be necessary or advisable in the premises.

(c) It is expressly agreed by the Company that, anything herein to the contrary notwithstanding, the Company shall remain liable under the Leases to observe and perform all the conditions and obligations to be observed and performed by it thereunder, all in accordance with and pursuant to the terms and provisions thereof. The Lender shall not have any obligation or liability under the Leases by reason of or arising out of this Agreement or the assignment of the Leases to the Lender or the receipt by the Lender of any payment pursuant thereto, nor shall the Lender be required or obligated in any manner to perform or fulfill any of the obligations of the Company under or pursuant to the Leases, or to make payment, or to make an inquiry as to the nature or the

sufficiency of any performance by the Lessees or to present or file any claim, or to take any action to enforce the observance of any obligations of the Lessees under the Lease.

6.3 Cash Collateral Account. The Company does hereby assign, convey, mortgage, pledge and transfer to the Lender, and does hereby grant to the Lender a continuing security interest in, all moneys at any time held in the Cash Collateral Account, if any.

6.4 Application of Funds. When the obligations shall have been paid, performed and discharged in full, the Lender shall pay or cause to be paid to the Company all amounts then on deposit in the Cash Collateral Account and shall notify each Lessee to make all further payments under its Lease directly to the Company or as the Company shall direct. Nothing contained in Section 6 of this Agreement or elsewhere in this Agreement is intended or shall impair, diminish or alter the obligation of the Company, which is absolute and unconditional, to pay to the Lender all principal of and interest on the Note and all amounts payable under this Agreement as and when their respective terms.

6.5 Additional Collateral. The collateral described in the Security Agreement of even date herewith, as amended and supplemented from time to time, substantially in the form provided for in the Line of Credit shall also secure the obligations hereunder and under the Note.

SECTION 7. COVENANTS

The Company hereby covenants and agrees that from the date of this Agreement and so long as any amount remains unpaid on account of the Note or otherwise with respect to the Obligations, unless the Lender shall otherwise consent in writing:

7.1 Financial Statements. The Company will furnish or cause to be furnished to the Lender:

(a) as soon as available, but in any event not later than 105 days after the end of each fiscal year of the Company, a consolidated balance sheet of the Company as of the end of such fiscal year and the related consolidated statement of income and of changes in financial position of the Company for such fiscal year, all in reasonable detail, prepared in accordance with generally accepted accounting principles applied on a basis consistently maintained throughout such fiscal year and accompanied by a report or opinion of independent certified public accountants of recognized standing selected by the Company and satisfactory to the Lender;

(b) as soon as available, but in any event not later than 45 days after the end of each quarter, other than the last, of each fiscal year of the Company, an unaudited consolidated balance sheet of the Company as of the end of such quarter and the related unaudited statement of income and of changes in

financial position of the Company for the period from the beginning of such fiscal year to the end of such quarter, all in reasonable detail, prepared by independent certified public accountants of recognized standing selected by the Company and satisfactory to the Lender in accordance with generally accepted accounting principles applied on a basis consistently maintained throughout the period involved (subject to normal year-end audit adjustments);

(c) concurrently with the delivery of the financial statements referred to in clauses (a) and (b) above, a certificate of the chief financial officer of the company stating that, to the best of his knowledge after due inquiry, the Company has observed and performed each and every covenant and agreement of the Company contained on this Agreement, the Note and the Leases and that no Default or Event of Default has occurred during the period covered by such financial statements or is in existence on the date of such certificate or, if a Default or Event of Default has occurred or is in existence, specifying the same;

(d) concurrently with the delivery of the financial statements referred to in clause (a) above, a certificate of the independent public accountants who certified such statements to the effect that, in making the examination necessary for the audit of such financial statements, they obtained no knowledge of any Default or Event of Default, or, if they shall have obtained knowledge of any Default or Event of Default, specifying the same;

(e) as soon as available, but in any event no later than April 30 of each year, a personal financial statement of the Guarantor certified by the Guarantor or an independent certified public accountant, showing such Guarantor's financial position as of December 31 of the previous calendar year;

(f) during any period when the Company shall have one or more Subsidiaries, within the periods prescribed in clauses (a) and (b) above, financial statements of the character and for the period or periods and as of the date or dates specified in such clauses and certified or accompanied by a report or opinion of independent public accountants as therein provided, covering the financial condition, income and changes in financial position of the Company and each of its Subsidiaries on a consolidated basis and, if requested by the Lender, a consolidating basis;

(g) Promptly upon request, such additional financial and other information with respect to the Company and the Guarantor as the Lender may from time to time reasonably require.

7.2 Reports. (a) On or before March 31 of each year, commencing with the year 1993, the Company shall furnish or cause to be furnished to the Lender a report, certified by the Chief Financial Officer of the Company, (i) setting forth as of the preceding December 31 (A) the amount, description and identifying numbers of all Units then subject to this Agreement and (B) the amount, description and identifying numbers of all Units that have suffered a Casualty Occurrence or are then undergoing repairs (other than running repairs) or have been withdrawn from use pending repairs (other than running repairs) during the preceding calendar year (or since the date of this Agreement in the case of the first such report) and (ii) stating that, in the case of all Units repaired or repainted during the period covered by such report, the numbers and markings required by Subsection 7.19 hereof have been preserved or replaced.

(b) The Company will prepare and deliver to the Lender within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of the Lender) all reports (other than income tax returns), if any, relating to the maintenance, registration and operation of the Tank Cars required to be filed with any federal, state or other regulatory agency by reason of the Lender's Lien on security interest in the Tank Cars or the Leases or the provisions of this Agreement.

7.3 Payment of Taxes. The Company will promptly pay and discharge or cause to be paid and discharged, before the same shall become in default, all lawful taxes, assessments and governmental charges or levies imposed upon the Company, or upon any property, real, personal or mixed, belonging to the Company, or upon any part thereof, as well as all lawful claims for labor, materials and supplies which, if unpaid, might become a Lien upon any such property or any part thereof; provided, however, that the Company shall not be required to pay and discharge or to cause to be paid and discharged any such tax, assessment, charge, levy or claim so long as (i) the validity thereof shall be contested in good faith by appropriate proceedings, (ii) such proceedings do not involve any danger of the sale, forfeiture or loss of such property or any part thereof, and (iii) the Company shall have set aside on its books adequate reserves with respect thereto.

7.4 Conduct of Business; Maintenance of Existence. The Company will engage primarily in the business presently conducted by it, and will do or cause to be done all things necessary to preserve and keep in full force and effect its corporate

existence, rights and franchises necessary to continue such business. The Company will qualify as a foreign corporation and remain in good standing under the laws of each jurisdiction in which it is required to be qualified by reason of the ownership of its assets or the conduct of its business.

7.5 Compliance with Laws and Rules. The Company will (i) comply, and use its best efforts to cause each Lessee and every user of the Tank Cars to comply in all material respects (including, without limitation, with respect to the use, maintenance and operation of the Tank Cars), with all laws of the jurisdictions in which its or such lessee's or such user's operations involving the Tank Cars may extend, with the interchange rules of the American Association of Railroads and with all lawful rules of the Department of Transportation, the Interstate Commerce Commission and any other governmental authority exercising any power or jurisdiction over the Tank Cars, to the extent that such laws or rules affect the title to, or the operation or use of, or the Lender's Lien and security interest in, the Tank Cars, and in the event that such laws or rules require any alteration of, or any replacement or addition of or to any part on, any Unit, the Company will conform therewith at its own expense, and, (ii) comply in all material respects with all other applicable laws and regulations of any governmental authority relative to the conduct of its business or the ownership of its properties or assets, provided, however, that the Company may, in good faith, contest the validity or application of any such law or rule by appropriate proceedings which do not, in the opinion of the Lender, involve any danger of the sale, forfeiture or loss of the Tank Cars or any part thereof.

7.6 Maintenance of Properties. The Company will at all times maintain and keep, or cause to be maintained and kept, in good repair, working order and condition all property of the Company used or useful in the conduct of its business, and will from time to time make or cause to be made all needful and proper repairs, renewals, replacements, betterments and improvements thereof, so that the business carried on in connection therewith may be properly and advantageously conducted at all times.

7.7 Principal Office. The Company will not change the location of its principal place of business, its chief executive office or the place at which its books and records are kept from the address specified in Subsection 4.11 hereof unless it shall have given the Lender at least 90 days prior written notice of such change, and the Company will at all times maintain its principal place of business, chief executive office and the place at which its books and records are kept within the United States of America.

7.8 Indemnities, Etc. (a) In any suit, proceedings or action brought by the Lender under any of the Leases or to enforce any provision thereof, the Company will save, indemnify and hold the Lender harmless from and against all expense, setoff, counterclaim, recoupment or reduction of liability whatsoever of the Lessee thereunder, arising out of a breach by the Company of any obligation thereunder or arising out of any other agreement, indebtedness or liability at any time owing to or in favor of such Lessee from the Company, and all such obligations of the Company shall be and remain enforceable against and only against the Company and shall not be enforceable against the Lender.

(b) The Company agrees to indemnify and hold the Lender harmless against any and all liabilities, obligations, losses, damages, claims, suits, costs, expenses and disbursements (including reasonable legal fees and expenses) incurred by or asserted against it with respect to claims for personal injury or property damage arising from its participation in the transactions contemplated by this Agreement, the Leases or the Note except for claims arising due to the negligence or willful misconduct of the Lender, or its employees or agents.

7.9 Performance of Leases. The Company will perform and comply in all material respects with all its obligations under each Lease and all other agreements to which it is a party or by which it is bound relating to the Collateral, and the Company will use its best efforts to cause each other party thereto to so perform and comply.

7.10 Preservation of Collateral. (a) The Company will not create, permit or suffer to exist, and will defend the Collateral against and take such other action as is necessary to remove, any Lien, claim or right in or to the Collateral (other than the Lien and security interest created by this Agreement, and any Permitted Liens), and will defend the right, title and interest of the Lender in and to the Company's rights under the Leases and rights in the Tank Cars and in and to the Proceeds thereof against the claims and demands of all other persons whomsoever.

(b) The Company will not sell, transfer or otherwise dispose of any of the Collateral or attempt to offer to do so, except as provided in Subsections 2.4, 2.5, and 6.3.

(c) The Company will advise the Lender promptly, in reasonable detail, of any Lien or claim made or asserted against any of the Collateral and of any event affecting the Lender's Lien on and security interest in the Collateral.

(d) The Company shall, throughout the term of this Agreement, have leases in effect for at least 90% of the Tank Cars.

(e) The Company shall use its best efforts to keep the Tank Cars under lease at all times at rental rates which are favorable to the Company. The Company shall promptly provide the Lender with each Lease entered into with respect to any of the Tank Cars after the date hereof.

7.11 Location of Tank Cars. The Company will not permit any of the Tank Cars to be located outside the continental United States, Canada, or Mexico at any time.

7.12 Further Assurances; Recordation and Filing. The Company will, at its sole cost and expense, do, execute, acknowledge and deliver all further acts, supplements, mortgages, security agreements, conveyances, transfers and assurances necessary or advisable for the perfection and preservation of the Lien and security interest created by this Agreement in the Collateral. The Company will cause this Agreement and any supplements hereto, and all financing and continuation statements and similar notices requested by the Lender or required by applicable law, at all times to be kept, recorded and filed at no expense to the Lender in such manner and in such places as may be required by law in order fully to preserve and protect the rights of the Lender hereunder.

7.13 Maintenance of Insurance. (a) The Company will maintain or cause to be maintained with financially sound and reputable insurance companies acceptable to Lender, insurance policies insuring the Company and the Lender against liability for personal injury and property damage caused by or relating to such Tank Cars or their use with coverage in the amount of at least \$2,000,000.00, all such insurance policies to be in such form and to have such coverage as shall be satisfactory to the Lender, with losses payable to the Company and the Lender as their respective interests may appear.

(b) All insurance required by this Subsection 7.13 shall (i) be with carriers acceptable to the Lender, (ii) name the Lender as assured and loss-payee, as its interests may appear, (iii) provide for at least 30 days' prior written notice to the Lender before any cancellation, reduction in amount or change in coverage thereof shall be effective, (iv) contain a breach of warranty clause in favor of the Lender and (v) provide that the Lender shall have no obligation or liability for premiums, commissions, assessments or calls in connection with such insurance.

(c) The Company shall, if so requested by the Lender, deliver to the Lender within a reasonable time and as often as the Lender may reasonably request a report of a reputable insurance broker with respect to the insurance in the Tank Cars.

(d) The Lender may waive any or all of the requirements of this Subsection 7.13 if it receives a written opinion, from an insurer or insurance broker acceptable to Lender, stating that certain losses set forth above are the risks of the shippers, railroads, and/or repair shops rather than risks imposed upon the Company.

7.14 Casualty Occurrence. (a) In the event of a Casualty Occurrence with respect to any Unit, the Company shall, promptly after it has knowledge of same, give the Lender written notice of such Casualty Occurrence, which notice shall (i) identify the Unit which has suffered the Casualty Occurrence, (ii) set forth the Casualty Value of such damaged Unit (and the calculations used in the determination thereof) as of the date which is not less than 10 days nor more than 45 days after the date of such notice (the "Casualty Value Determination Date"), and (iii) specify whether the Company will, on the Casualty Value Determination Date, prepay the Note pursuant to paragraph (b) of this Subsection 7.14 or replace the Damaged Unit Pursuant to paragraph (c) of this Subsection 7.14.

(b) If the notice given pursuant to paragraph (a) of this Subsection 7.14 specifies that the Company will prepay the Notes on the Casualty Value Determination Date, the Company will, on such date, (i) prepay the Note in an aggregate principal amount equal to the Casualty Value of the Damaged Units as of such date and (ii) pay the accrued interest on the principal amount so prepaid to the date of prepayment. Any principal prepayments under this paragraph (b) will be applied to the installments of the Note in the inverse order of their maturities.

(c) If the notice given pursuant to paragraph (a) of this Subsection 7.14 specifies that the Company will replace the Damaged Unit, the Company will, on or prior to the Casualty Value Determination Date:

(i) replace the Damaged Unit with a Tank Car of the same type, which has a value and utility at least equal to, and which is in as good condition as, the Damaged Unit immediately prior to the Casualty Occurrence (assuming that such Damaged Unit was then in the condition required to be maintained by Subsection 7.15 hereof) and which is free and clear of all Liens other than Permitted Liens,

(ii) take all steps necessary to subject such replacement Tank Car (the "Replacement Unit") to the Lien and security interest of this Agreement and to subject such Replacement Unit to the applicable Lease, and

(iii) deliver to the Lender such documents evidencing the foregoing as the Lender may reasonably request, including, without limitation, (A) a duly executed supplement to the Agreement, satisfactory in form and substance to Lender, describing the Replacement Unit and subjecting the Replacement Unit to the Lien and security interest of this Agreement, together with evidence that such supplement has been duly filed, registered and recorded with Interstate Commerce Commission in accordance with Section 11303, Title 49, United State Code, and (B) documents with respect thereto corresponding to those described in paragraphs (1) and (m), of Section 5 hereof; Upon the Company's compliance with foregoing provisions of this Section 7.14, the Lender will, if no Default or Event of Default has occurred and is continuing, execute and deliver to the Company such instruments as shall be necessary to release such Damaged Unit from the Lien and security interest of this Agreement (without recourse to, or representation or warranty by, the Lender).

7.15 Maintenance. The Company will, at no expense to the Lender, keep and maintain or cause to be kept and maintained, the Tank Cars in good repair, condition and working order, eligible for interchange with other railroads pursuant to Association of American Railroads Interchange Standards, and will cause to be furnished all parts, mechanisms, devices and servicing required therefor so that the value, condition and operating efficiency thereof will at all times be maintained and preserved, ordinary wear and tear excepted.

7.16 Notice of Default; etc. The Company will promptly give written notice to the Lender of (a) the occurrence of any Default or Event of Default; (b) any litigation or proceedings relating to the Collateral; (c) any litigation or proceedings affecting the Company or any of its properties or assets which, if adversely determined, might have a material adverse effect upon the financial condition, business or operations of the Company; and (d) any dispute between the Company and any governmental regulatory body that might materially interfere with the normal business operations of the Company.

7.17 Books and Records. The Company will keep proper books of record and account in which full, true and correct entries in accordance with generally accepted accounting principles will be made of all dealings or transactions in relation to its business and activities.

7.18 Inspection. The Company will permit the Lender and any persons designated by it to visit and inspect any of the properties, corporate books and financial records of the Company and to discuss the affairs, finances and accounts of the Company with its respective officers, all at such reasonable times and as often as the Lender may reasonably request.

7.19 Marking of Tank Cars. The Company will cause each Unit to be numbered at all times with the identification number set forth in Schedule I hereto pertaining to such Unit and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each Unit, in letters not less than one inch in height, the following words: "TITLE TO THIS CAR SUBJECT TO DOCUMENTS RECORDED WITH INTERSTATE COMMERCE COMMISSION", or other appropriate words designated by the Lender, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Lender's interest in the Tank Cars and their rights under this Agreement. The Company will replace or will cause to be replaced promptly any such words which may be removed, defaced or destroyed. The Company will not permit the identifying number of any Unit to be changed except in accordance with a statement of new number or numbers to be substituted therefore, which statement previously shall have been delivered to the Lender and filed, recorded and deposited by the Company in all public offices where this Agreement shall have been filed, recorded or deposited.

7.20 Additional Leases. The Company shall cause any Leases subject hereto, or which may from time to time hereafter become subject hereto, which are not described in Schedule II hereof, (i) to be duly filed, registered and recorded with the Interstate Commerce Commission in accordance with Section 11303, Title 49, United States Code, by executing a supplement to this Agreement in a form acceptable to Lender, setting forth such Leases as additional security hereunder, and effecting the filing, registering and recording of same, and (ii) to be added as additional security of the Lender by the filing of the applicable UCC financing statement with the Secretary of State of Illinois identifying such Leases as collateral of the Lender.

7.21 Notification to Lessees. The Company shall, upon the written request of the Lender, mail a letter to each Lessee, dated on the date of such request and in a form acceptable to the Lender requesting such Lessee to affirm that such Lessee (i) acknowledges notice of the assignment to the Lender of all of the Company's right, title and interest in, to and under its respective Lease, (ii) agrees that each such payment shall be

final and that such Lessee shall not seek to recover from the Lender for any reason whatsoever, any moneys paid by such Lessee to the Lender by virtue of this Agreement and that such Lessee will not seek recourse against the Lender by reason of this Agreement of such Lease, and (iii) certifies to the effect that such Lease is in full force and effect and constitutes a valid and binding agreement of such Lessee, enforceable in accordance with its terms; the Company shall use its best efforts to obtain an acknowledged copy of such letter back from each Lessee.

7.22 Loan to Shareholders. The Company will not lend or otherwise extend credit to its shareholders in an amount exceeding, in the aggregate at any one time outstanding, \$100,000.00.

7.23 Dividends to Shareholders. The Company will not, without the prior written consent of Lender, make any dividend or profit distributions to its shareholders.

7.24 Recourse Funded Debt to Net Worth. The Company will not permit the ratio of its Consolidated Recourse Funded Debt to its Consolidated Tangible Net Worth to be more than 5.0 to 1.0.

7.25 Consolidated Tangible Net Worth. The Company shall maintain a Consolidated Tangible Net Worth of at least \$425,000.00.

7.26 Loan to AAR Replacement Value. The Loan under this Agreement, and any principal amount thereof then outstanding, shall at no time exceed the replacement value of the Tank Cars as established by the Association of American Railroads.

SECTION 8. POWER OF ATTORNEY

8.1 Appointment. The Company hereby irrevocably constitutes and appoints the Lender and any officer or agent thereof, with full power of substitution, as its true and lawful attorneys-in-fact with full irrevocable power and authority in the place and stead of the Company and in the name of the Company or in its own name, from time to time in the Lender's discretion, for the purpose of carrying out the terms of this Agreement, to do the following:

(a) (i) to receive payment of and receipt for any and all moneys, claims and other amounts due and to become due at any time in respect of or arising out of any Collateral and (ii) to endorse any checks, drafts or other orders for the payment of money payable to the Company in connection with the Collateral;

(b) Upon Default by the Company in the performance of Subsection 7.3 or 7.13, the Lender may, but shall not be obligated to, (i) effect any insurance called for by the terms of Subsection 7.13 and pay all or any part of the premiums therefor and the costs thereof and (ii) pay and discharge any taxes, Liens and encumbrances on the Collateral; and

(c) upon the occurrence and continuance of any Event of Default or of any Default specified in Section 9 hereof, (i) to sign and endorse any invoices, freight or express bills, bills of lading, storage or warehouse receipts, drafts against debtors, assignments, verifications and notices in connection with accounts and other documents relating to the Collateral; (ii) to commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect the Collateral or any of proceeds thereof and to enforce any other right in respect of any of the Collateral; (iii) to defend any suit, action or proceeding brought against the Company with respect to any of the Collateral; (iv) to settle, compromise or adjust any suit, action or proceeding described in clause (iii) above and, in connection therewith, to give such discharges or releases as the Lender may deem appropriate; and (v) generally to sell, transfer, pledge, make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though the Lender was the absolute owner thereof for all purposes, and to do, at the Lender's option and the Company's expense, at any time or from time to time, all acts and things which the Lender deems necessary to protect, preserve or realize upon the Collateral and the Lender's security interest therein, in order to effect the intent of this Agreement, and as fully and effectively as the Company might do.

The Company hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof. This power of attorney is a power coupled with an interest and shall be irrevocable.

8.2 No Duty. The powers conferred on the Lender hereunder are solely to protect its interests in the Collateral and shall not impose any duty upon it to exercise any such powers. The Lender shall be accountable only for amounts that it actually receives as a result of the exercise of such powers and neither it nor any of its officers, directors, employees or agents shall be responsible to the Company for any act or failure to act, except for its or their own negligence or willful misconduct.

8.3 Additional Rights. (a) The Company authorizes the Lender at any time and from time to time, (i) to communicate in its own name with regard to the assignment of the Leases and

other matters related hereto and (ii) to execute, in connection with the sale provided for in Section 10 (c) of this Agreement, any endorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral.

(b) If the Company fails to perform or comply with any of its agreements contained herein, the Lender may perform or comply, or otherwise cause performance or compliance, with such agreement, and the expenses of the Lender incurred in connection with such performance or compliance, shall be payable by the Company to the Lender on demand and shall constitute part of the Obligations secured hereby.

SECTION 9. EVENTS OF DEFAULT

If any of the following Events of Default shall occur and be continuing:

(a) Failure to pay any principal, premium, if any, or interest on the Note when due and the continuance of such failure for five days after notice thereof shall have been given to the Company by the Lender;

(b) Any representation or warranty made by the Company in this Agreement, by the Guarantor in the Guaranty, or by the Company or the Guarantor or any officer of the Company in any document, certificate or financial or other statement furnished at any time under or in connection with this Agreement or the Guaranty, shall prove to have been untrue or inaccurate in any material respect at the time when made and which materially affects Lender's or Buyer's ability to perform under the terms of this Agreement;

(c) The default by the Company in the observance or performance of any covenant contained in Subsection 6.2(b), 7.10(a), 7.10(b), 7.11, 7.13(a), 7.13(b), 7.14, 7.15, or 7.21.

(d) The default by the Company in the observance or performance of any other covenant or agreement contained in this Agreement, including but not limited to Sections 7.10(d), 7.22, 7.23, 7.24, 7.25 or 7.26, and the continuance of such default for 30 days after written notice, specifying such default, shall have been given to the Company by the Lender;

(e) the Guarantor shall breach or disaffirm any of his obligations or covenants under his Guaranty or the Guaranty shall cease to be in full force and effect;

(f) filing by the Company or the Guarantor of a voluntary petition in bankruptcy, or a voluntary petition or an answer seeking reorganization, arrangement, readjustment of its debts or for any other relief under any bankruptcy, insolvency, reorganization, liquidation, dissolution, arrangement, composition, readjustment of debt or other similar act or law of any jurisdiction, domestic or foreign, now and hereafter existing or any action by the Company or the Guarantor indicating its consent to, approval of, or acquiescence in, any such petition or proceeding; the application by the Company or the Guarantor for, or the appointment by consent or acquiescence of, a receiver or trustee for the Company or the Guarantor for all or a substantial part of its property; the making by the Company or the Guarantor of an assignment for the benefit of creditors; the inability of the Company or the Guarantor, or the admission by the Company or the Guarantor in writing of its inability, to pay its debts as they mature;

(g) filing of an involuntary petition against the Company or the Guarantor in bankruptcy or seeking reorganization, arrangement, readjustment of its debts or for any other relief under any bankruptcy, insolvency, reorganization, liquidation, dissolution, arrangement, composition, readjustment of debt or other similar act or law of any jurisdiction, domestic or foreign, now or hereafter existing; or the involuntary appointment of a receiver or trustee of the Company or the Guarantor for all or a substantial part of its property; and the continuance of any of such events for 90 days undismissed, unbonded or undischarged.

(h) default under any other agreement between the Company and the Lender; or

(i) the default by the Company in any payment of principal of, or interest on, any obligation for borrowed money (other than the Note) for a period equal to the period of grace, if any, applicable to such default if the effect of such default is to cause, in fact, such obligation to become due and payable prior to its stated maturity, unless the aggregate amount of all such obligations as to which such default shall have occurred does not exceed \$50,000 and unless such default causes Lender, in good faith, to consider itself insecure.

then, and in any such event, the Lender may exercise any and all remedies granted to it under this Agreement and under applicable law, and may further, by notice of default given to the Company by the Lender declare the Note to be forthwith due and payable

(except that, if an Event of Default under paragraph (g) or (h) occurs, the Note and all other Obligations shall become immediately due and payable without declaration or notice of any kind), whereupon the unpaid principal amount of the Note, together with accrued interest thereon, shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived, anything contained herein or in the Note to the contrary notwithstanding.

SECTION 10. REMEDIES

If an Event of Default shall occur and be continuing:

(a) The Obligations may be (or shall be, in the case of insolvency) accelerated as provided in Section 9.

(b) All payments received by the Company in connection with or arising out of any of the Collateral shall be held by the Company in trust for the Lender, shall be segregated from other funds of the Company and shall forthwith upon receipt by the Company be turned over to the Lender, in the same form as received by the Company (duly endorsed by the Company to the Lender if required); any and all such payments so received by the Lender, (whether from the company or otherwise) may, in the sole discretion of the Lender, be held by the Lender as collateral security for the Obligations, and/or then at any time thereafter applied in whole or in part by the Lender against all or any part of the Obligations; any excess shall be paid over to the Company.

(c) The Lender may exercise in addition to all other rights and remedies granted to it in this Agreement and in any other instrument or agreement securing, evidencing or relating to the Obligations, all rights and remedies of a secured party under the Uniform Commercial Code of the State of Illinois and the Interstate Commerce Act, 49 U.S.C. 10101 et seq. Without limiting the generality of the foregoing, the Company expressly agrees that in any such event the Lender, without demand of performance or other demand, advertisement or notice of any kind (except the notice specified below of time and place of public or private sale) to or upon the Company or any other Person (all and each of which demands, advertisements and/or notices are hereby expressly waived), may forthwith collect, receive, appropriate and realize upon the Collateral or any part thereof and may take possession of the Tank Cars and/or may forthwith sell, assign, give option or options to purchase, or sell, lease or otherwise dispose of and deliver the Collateral, or any part thereof, in any manner permitted by applicable law (or contract to do so) in

one or more parcels at public or private sale or sales, at the office of any broker or at the Lender's offices or elsewhere at such prices at it may deem best, for cash or on credit or for future delivery without assumption of any credit risk, with the right of the Lender upon any such sale or sales, public or private, to purchase in the name and on behalf of the Lender the whole or any part of the Collateral so sold, free of any right or equity of redemption in the Company, which right or equity of redemption is hereby expressly waived and released. If any notification of intended disposition of any of the Collateral is required by law, such notification shall be deemed reasonably and properly given if mailed at least fifteen (15) days before such disposition, by registered or certified mail, postage prepaid, addressed to the Company at the address set forth in Subsection 11.2 hereof. The Company further agrees, at the Lender's request, to collect the Tank Cars and make them available to the Lender as hereinafter provided. The Lender shall apply the net proceeds of any such collection, recovery, receipt, appropriation, realization and sale after deducting all reasonable costs and expenses of every kind incurred therein of incidental to the care, safe-keeping or otherwise of any or all of the Collateral or in any way relating to the rights of the Lender hereunder, including reasonable attorney's fees and legal expenses, to the payment in whole or in part of the Obligations, in such order as the Lender may elect, the Company remaining liable for any deficiency remaining unpaid after such net proceeds and after the payment by the Lender of any other amount required by any provision of law, including Section 9.504(1)(c) of the Uniform Commercial Code of the State of Illinois. Any surplus after payment in full of the Obligations shall be returned to the Company as soon as reasonably practical. The Company shall remain liable for any deficiency if the proceeds of any sale or disposition of the Collateral are insufficient to pay all amounts to which the Lender is entitled, the Company also being liable for the fees of any attorneys employed by the Lender to collect such deficiency. The Company hereby waives presentment, demand, protest and any notice (to the extent permitted by applicable law) of any kind in connection with this Agreement or any Collateral. The Company also hereby waives any right of redemption which may be available under the laws of the State of Illinois; and

(d) In the event that the Lender shall request that the Tank Cars be collected as provided in paragraph (c) of this Section 10, the Company shall, at its own risk and expense (i) forthwith and in the usual manner (including, but not by way of limitation, giving prompt telegraphic and written notice to the Association of American Railroads and to all railroads to which any Unit so

interchanged) place such Units upon such storage tracks as the Lender reasonably may designate; (ii) permit the Lender to store such Units on such tracks until such Units have been sold, leased or otherwise disposed of by the Lender; and (iii) transport the same to any connecting carrier for shipment, all as directed by the Lender. The assembling, delivery, storage and transporting of the Tank Cars as hereinabove provided shall be at the expense and risk of the Company and are of the essence of this Agreement, and upon application to any court of equity having jurisdiction in the premises, the Lender shall be entitled to a decree against the Company requiring specific performance of the covenants of the Company so to assemble, deliver, store and transport the Tank Cars. During any storage period, the Company will, at its own cost and expense, maintain and keep the Tank Cars in good order and repair and will permit the Lender or any person designated by it, including the authorized representative or representatives of any prospective purchaser, lessor, or manager of any Unit, to inspect the same.

(e) Beyond the use of reasonable care in the custody thereof the Lender shall not have any duty as to any Collateral in their possession or control or in the possession or control of any agent or nominee of Lender or as to any income therefrom. Notwithstanding any provision of this Agreement to the contrary, the Lender shall not, so long as any Lessee is not in default under its Lease, take any action which would interfere with such Lessee's rights under its Lease, including right to the possession and use of the Tank Cars subject thereto, except in accordance with the provisions of such Lease.

SECTION 11. MISCELLANEOUS

11.1 Reimbursement of Lender, Etc. Upon Lender making the aforementioned Loan to Company, Company agrees to pay or reimburse Lender for all costs and expenses (including the reasonable legal fees and disbursements of counsel for Lender) relating to the negotiation and implementation of the Loan. The Company also agrees to pay or reimburse the Lender for all costs and expenses (including the reasonable legal fees and disbursements of counsel for the Lender) incurred by the Lender in connection with the enforcement of (or the preservation of any rights hereunder) or any subsequent modification of this Agreement, the Note and the Guaranty. The Company also agrees to pay, and to hold the Lender harmless from, any and all liabilities with respect to, or resulting from any delay in paying documentary, excise, recording, filing, stamp or similar taxes, fees and other governmental charges (including interest and penalties), if any, which may be payable or determined to be

payable in respect of the execution, delivery or recording of this Agreement, the Note or the Guaranty or any modification of any waiver or consent under or in respect of any thereof. The obligations of the Company under this Subsection 11.1 shall survive payment of the Note and termination of this Agreement.

11.2 Notices. All notices, requests and demands to or upon the respective parties to this Agreement shall be in writing and shall be deemed to have been given or made when delivered by hand or deposited in the mail, by registered or certified mail, postage prepaid, addressed as follows or to such other address as may be hereafter designated in writing by the respective parties hereto:

The Company: TEMCO CORPORATION
100 East Scranton Avenue
Lake Bluff, Illinois 60044
Attention: Mr. Bruce H. Borland

Lender: Cole-Taylor Bank
350 East Dundee Road
Wheeling, Illinois 60090

11.3 No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of the Lender, any right, power or privilege under this Agreement, the Note, the Guaranty or any of the Collateral shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or thereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies provided herein and therein are cumulative and not exclusive of any rights or remedies provided by law.

11.4 Amendments and Waivers. The provisions of this Agreement may from time to time be amended, supplemented or otherwise modified or waived only by a written agreement signed by the Company and the Lender.

11.5 Successors. This Agreement shall be binding upon and inure to the benefit of the Company and the Lender and their respective successors and assigns, except that the Company may not transfer or assign any of its rights hereunder without the prior written consent of the Lender.

11.6 Survival of Representations. All representations and warranties herein contained or made in writing in connection with this Agreement shall survive the execution and delivery of this Agreement and the making of the Loan hereunder and shall continue in full force and effect all Obligations due and to become due hereunder and under the Note shall have been paid in full.

11.7 Construction. This Agreement and the rights and obligations of the parties hereunder shall be governed by, and construed and interpreted in accordance with, the laws of the State of Illinois.

11.8 Severability. Any provision of this Agreement which is prohibited or enforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or enforceability without invalidating the remaining provisions hereof, and any such prohibition or enforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

11.9 Counterparts. This Agreement may be executed by one or more of the parties hereto in any number of separate counterparts and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

TEMCO CORPORATION

By: Donald H. Ireland

Chairman

COLE TAYLOR BANK

By: R. L. Shawne

Sr. Vice President

EXHIBIT "A-1"

SECURED PROMISSORY NOTE

No. _____

Date: August 11, 1992

Maturity Date: August 15, 1995

Amount: \$150,000.00

For value received, TEMCO CORPORATION (the "Company") promises to pay to the order of COLE-TAYLOR BANK ("Lender") the sum of ONE HUNDRED FIFTY THOUSAND AND 00/100 Dollars (\$150,000.00) or such lesser principal amount, plus interest, as may be outstanding from time to time at the office of the Lender or at such location as any legal holder hereof shall designate as hereinafter provided.

Thirty-six (36) consecutive monthly principal installments of \$2,500.00 each, beginning September 15, 1992, and continuing on the same day of each month thereafter, and a final installment of all unpaid principal (and accrued unpaid interest) on August 15, 1995, ("Maturity").

Interest on the aggregate unpaid principal balance from time to time outstanding shall be payable in arrears on the 15th day of each month commencing September 1992, at the rate of one and one-half percent (1.5%) in excess of the Lender's Prime Rate per annum, adjusted daily. Interest after Default or Maturity on the aggregate unpaid principal balance shall be at the per annum rate of four percent (4%) in excess of the aforesaid rate.

The Lender's "Prime Rate" as used herein shall mean at any time the rate per annum then established by the Lender as being its prime rate and used by it in computing interest on those loans on which interest is established with relationship to the Lender's prime rate, all as shown on the books and records of the Lender relating to the establishment of such prime rate. The rate at which interest accrues hereon shall change from time to time concurrently with each change in said Prime Rate with or without notice to anyone. Interest shall continue to accrue when payments received are not collected funds and until such funds are collected. All interest shall be computed for the actual number of days elapsed on the basis of a year consisting of 360 days.

If any installment of principal and interest on this Note becomes due and payable on a Saturday, Sunday or legal holiday under the laws of the State of Illinois, the maturity thereof shall be extended to the next succeeding business day.

This Note is the Note of the Company issued pursuant to and secured by a Loan and Security Agreement dated as of August 11, 1992, between the Company and Lender (herein, as the same may from time to time be amended, supplemented or otherwise modified, called the "Agreement"), and is entitled to all of the benefits thereof.

This Note is secured by the Collateral described in the Agreement. Reference is made to the Agreement for a description of the nature and extent of the security for this Note and the rights of the holder hereof with respect to such security.

Upon failure of the Company to promptly make payment of any sum due hereunder, or upon the occurrence of any one or more of the Events of Default specified in the Agreement, there shall be a default under this Note and the amounts then remaining unpaid on this Note may be declared to be immediately due and payable, together with reasonable attorneys fees and costs of collection, and the payee may pursue any and all other remedies hereunder or under the Agreement or allowed by law.

The Company hereby expressly waives demand for payment, notice of non-payment, presentment, notice of dishonor, protest, notice of protest, or any other notice.

This Note shall be binding upon the Company and upon the heirs, legal representatives, successors, and assigns of the Company.

No delay or omission of the holder to exercise any right or remedy under this Note or afforded by law shall be construed to be a waiver thereof.

This Note may be assigned, transferred, or pledged without consent of the Company.

This Note and the legal validity and the performance of the terms thereof shall be governed by, enforced, and determined and constructed in accordance with the laws of the State of Illinois.

IN WITNESS WHEREOF, the Company has executed this Note as of the 11th day of August, 1992.

TEMCO CORPORATION

By _____

Chairman

EXHIBIT "B"

COLE TAYLOR BANK

GUARANTY

For Value Received, and in consideration of the benefits, economic and otherwise, that the undersigned will receive or has received upon the making or granting of any loan or other financial accommodation heretofore or hereafter in existence to **Temco Corporation**

(hereinafter called "Debtor") and including continuing to permit credit to remain outstanding by Cole Taylor Bank; (hereinafter, together with its successors and assigns, called the "Bank"), the undersigned hereby unconditionally guarantees the full and prompt payment when due, whether by declaration or otherwise, and at all times thereafter, of all liabilities, obligations and indebtedness of every kind and nature of the Debtor to the Bank, whether heretofore, now owing or hereafter arising and owing (whether by future advances by the Bank or otherwise), due or payable, howsoever created, arising or evidenced, whether direct or indirect, absolute or contingent, primary or secondary, joint or several, whether arising through discount, overdraft, purchase, direct loan, by operation of law, or otherwise, together with attorneys' fees and costs relating to protecting and enforcing the Bank's rights, remedies and security interests under such obligations or under this Guaranty, or any part thereof, including advising the Bank or drafting documents for the bank at any time (all such obligations being hereinafter collectively called the "Liabilities").

In the event of the death, incompetency, dissolution or insolvency of the Debtor or the undersigned, or the inability of the Debtor or the undersigned to pay debts as they mature, or an assignment by the Debtor or the undersigned for the benefit of creditors, or the institution of any proceeding by or against the Debtor or the undersigned alleging that the Debtor or the undersigned is insolvent or unable to pay debts as they mature, and if such event shall occur at a time when any of the Liabilities may not then be due and payable, the undersigned agrees to pay to the Bank, upon demand, the full amount which would be payable hereunder by the undersigned if all Liabilities were then due and payable.

The Bank may, without demand or notice of any kind, at any time when any amount shall be due and payable hereunder by the undersigned, appropriate and apply toward the payment of such amount, and in such order of application as the Bank may from time to time elect, any property, balances, credits, deposits, accounts or moneys of the undersigned in the possession or control of the Bank.

This guaranty shall be a continuing, absolute and unconditional guaranty and shall remain in full force and effect, subject to discontinuance only as follows: the undersigned, or any person duly authorized and acting on behalf of any of the undersigned, may give written notice to the Bank of discontinuance of this guaranty as to the undersigned by whom or on whose behalf such notice is given, but no such notice shall be effective in any respect until it is actually received by the Bank and no such notice shall affect or impair the obligations hereunder of the undersigned by whom or on whose behalf such notice is given with respect to any Liabilities existing at the date of receipt of such notice by the Bank, including contingent Liabilities by reason of a commitment of the Bank existing at such date (such as a commitment under a revolving credit agreement), interest thereon and any expenses paid or incurred by the Bank in endeavoring to collect such Liabilities, or any part thereof, and in enforcing this guaranty against the undersigned. Any such notice of discontinuance by or on behalf of another guarantor of all or part of the Liabilities shall not impair or affect the obligations hereunder of the undersigned.

The liability of the undersigned hereunder shall not be impaired or affected by any of the following acts or omissions whether occurring with or without the undersigned's notice or knowledge or whether occurring before or after receipt by the Bank of notice of termination of this guaranty: (a) any extension, modification or renewal of, or indulgence with respect to, or substitutions for, the Liabilities or any part thereof or any agreement relating thereto at any time; (b) any failure or omission to enforce any right, power or remedy with respect to the Liabilities or any part thereof or any agreement relating thereto, or any collateral securing the Liabilities or any part thereof; (c) any waiver of any right, power or remedy or of any default with respect to the Liabilities or any part thereof or any agreement relating thereto or with respect to any collateral securing the Liabilities or any part thereof; (d) with or without consideration, any substitution for or any release, surrender, compromise, settlement, waiver, subordination, or modification of (i) any collateral securing the Liabilities or any part thereof; (ii) any other guaranties with respect to the Liabilities or any part thereof; or (iii) any other obligation of any person or entity with respect to the Liabilities or any part thereof; (e) the genuineness, enforceability or validity of the Liabilities or any part thereof or of the genuineness, enforceability or validity of any agreement relating thereto or with respect to any collateral securing the Liabilities or any part thereof; (f) the application of payments received from any source to the payment of indebtedness other than the Liabilities, or any part thereof, or to amounts which are not covered by this guaranty, even though the Bank might lawfully have elected to apply such payments to any part or all of the Liabilities; (g) any payment or any part thereof, at any time, applied by the Bank to any of the Liabilities that is or must be rescinded or returned by the Bank for any reason whatsoever (including without limitation, the insolvency, bankruptcy or reorganization of the Debtor; (h) the Bank's election of the application of section or sections of the Bankruptcy Code of 1978 11 U.S.C. Sec. 101 et. seq., as amended from time to time (the "Bankruptcy Code"); (i) any borrowing or grant of a security interest under Section 364 of the Bankruptcy Code; or (j) the staying of any acceleration of the time of payment of any of the Liabilities of the Debtor under the Bankruptcy Code or any similar law or order of court for the benefit of creditors.

It is agreed that the undersigned's liability hereunder is several and independent of any other guaranties or other obligations at any time in effect with respect to the Liabilities or any part thereof and that the undersigned's liability hereunder may be enforced regardless of the existence, validity, enforcement or nonenforcement of any such other guaranties or other obligations.

Any amount received by the Bank from whatsoever source and applied by it toward the payment of the Liabilities shall be applied in such order of application as the Bank may from time to time in its sole discretion elect.

The undersigned hereby expressly waives: (a) notice of the acceptance of this guaranty, (b) notice of the existence or creation of all or any of the Liabilities, (c) presentment, demand, notice of dishonor, protest, and all other notices whatsoever, and (d) all diligence in collection or protection of or realization upon the Liabilities or any part thereof, any obligation hereunder, or any security for any of the foregoing.

Credit may be granted or continued from time to time by the Bank to the Debtor without notice to or authorization from the undersigned regardless of the Debtor's financial or other condition at the time of any such grant or continuation. The Bank shall have no obligation to disclose or discuss with the undersigned its assessment of the financial condition of the Debtor.

The Bank may, without notice of any kind, sell, assign or transfer all or any of the Liabilities, and in such event each and every immediate and successive assignee, transferee, or holder of all or any of the Liabilities, shall have the right to enforce this guaranty, by suit or otherwise, for the benefit of such assignee, transferee, or holder, as fully as if such assignee, transferee or holder were herein by name specifically given such rights, powers and benefits, but the Bank shall have an unimpaired right, prior and superior to that of any such assignee, transferee or holder, to enforce this guaranty for the benefit of the Bank, as to so much of the Liabilities as it has not sold, assigned or transferred.

No delay on the part of the Bank in the exercise of any right or remedy hereunder shall operate as a waiver thereof, and no single or partial exercise by the Bank of any right or remedy shall preclude other or further exercise thereof or the exercise of any other right or remedy. No action of the Bank shall in any way impair or affect this guaranty. For the purpose of this guaranty, Liabilities shall include all obligations of the Debtor to the Bank, notwithstanding any right or power of the Debtor or anyone else to assert any claim or defense as to the invalidity or unenforceability of any such obligation, and no such claim or defense shall impair or affect the obligation of the undersigned hereunder.

This guaranty has been made and delivered at Chicago, Illinois and shall be governed by the laws of the State of Illinois. Wherever possible each provision of this guaranty shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this guaranty shall be prohibited by or invalid under such law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this guaranty.

~~The undersigned hereby authorizes irrevocably any attorney of any court of record to appear for the undersigned, in such time and from time to time after payment is due hereunder, and confer a judgment without process in favor of Bank of such amount of the Liabilities as may appear unpaid, together with costs of suit and attorneys' fees and to release and waive all errors that may intervene and to consent to immediate execution thereon.~~

Until the Liabilities are paid in full, the undersigned shall not exercise any right of subrogation with respect to payments made by the undersigned pursuant to this guaranty. The undersigned waives all benefit of collateral, if any, which may from time to time secure the Liabilities or any part thereof and authorizes the Bank to take action or exercise any remedy with respect thereto, which the Bank in its sole discretion shall determine, without notice to the undersigned.

If this guaranty is not dated when executed by the undersigned, the Bank is hereby authorized, without notice to the undersigned, to date this Guaranty as of the date when the Liabilities guaranteed hereby first arose.

This guaranty shall be binding upon the undersigned, and upon the heirs, legal representatives and assigns of the undersigned, and of each of them respectively, and shall inure to the benefit of said Bank, its successors, legal representatives and assigns. If more than one party shall execute this Guaranty, the term "undersigned" as used herein shall mean all parties executing this Guaranty and each of them, and all such parties shall be jointly and severally obligated hereunder.

This Guaranty represents the entire agreement of the undersigned with the Bank with respect to the subject matter contained herein, and supersedes all prior agreements, oral or written, with respect to such subject matter, and there are no conditions on the effectiveness of this Guaranty.

This Guaranty is limited in amount to \$150,000.00

SIGNED AND DELIVERED this 11th day of August, 1992

100 E. Scranton Avenue
Lake Bluff, IL 60044

Address

Bruce H. Borland

Address

Address

SCHEDULE I

Schedule of Tank Cars Subject to the Lien and Security Interest Under the Terms of the Loan and Security Agreement Between Temco Corporation and Cole-Taylor Bank, Dated August 11, 1992.

Ten (10) DOT Class 112J340W, 33,500 gallon nominal capacity railroad tank cars, having the following Reporting Marks:

**UOEX 11201
UOEX 11202
UOEX 11203
UOEX 11204
UOEX 11205
UOEX 11206
UOEX 11207
UOEX 11208
UOEX 11209
UOEX 11210**

SCHEDULE II

Schedule of Lease(s) Placed on Tank Cars During the Term of Loan and Security Agreement Between Temco Corporation and Cole-Taylor Bank, Dated August 11, 1992.

1. **Equipment Lease Agreement, dated June 26, 1984 between Union Oil Company of California ("Lessee") and Temco Corporation ("Lessor"); as renewed by UNO-VEN Company (assignee of Lessee) for additional sixty (60) month period, effective June 26, 1992.**

This Lease covers all ten (10) Tank Cars.